

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:)	Chapter 11
)	
W. R. GRACE & CO., et al.,)	Case No. 01-01139 (JJF)
)	(Jointly Administered)
)	
Debtors.)	
)	

Affidavit of Katherine Kinsella

I, Katherine Kinsella, being first duly sworn, on oath, state as follows:

1. I am an adult and competent to submit this affidavit. I make this affidavit based on my own personal knowledge and belief.

2. I am the President of Kinsella Communications, Ltd., (“Kinsella”) a nationally recognized advertising and communications firm specializing in the design, preparation and implementation of legal notification programs in class action and bankruptcy cases. I have developed and consulted on some of the largest and most complex national notification programs in the country including media-based notification programs in cases involving consumer fraud, asbestos, breast implants, tobacco, infant formula, polybutylene plumbing, home siding products, antitrust, securities, and Holocaust restitution claims.

3. On July 19, 2001, the Court entered an Order authorizing the employment and retention of Kinsella as Notice Consultants for the Debtors. Since that time, I have drafted and submitted various materials to the Debtors and the Court with respect to the Debtor’s July 27, 2001 Motion for Entry of Case Management Order, Establishment of a Bar Date, Approval of the Claim Forms and Approval of the Notice Program and corresponding Reply dated November 9, 2001. Among the materials I submitted to the Court was an Affidavit dated October 29, 2001 in support of the Debtors’ Reply, which attached the Revised Bar Date Notice Plan (“Notice Plan”), which I prepared for the Debtors.

4. I submit this affidavit in support of the Debtors' Revised Motion as to All Non-Asbestos Claims, Asbestos Property Damage and ZAI Claims for Entry of Case Management Order, Establishment of a Bar Date, Approval of Proof of the Claim Forms and of the Notice Program and the Debtors' Revised Motion as to All Asbestos Personal Injury Claims For Entry (the "Property Damage Bar Date Motion") of Case Management Order, Establishment of a Bar Date, Approval of the Proof of Claim Forms and of the Notice Program (the "Personal Injury Bar Date Motion"), both filed on February 12, 2002. This affidavit addresses the merits of the consolidated notice program to reach all claimants set forth in the Notice Plan versus a separate notice program to reach PI Claimants and a separate notice program to reach Property Claimants, ZAI Claimants, and Other Claimants.

5. The Notice Plan, attached as Exhibit B to the Debtors' Reply, outlines procedures to provide fair and adequate notice, consistent with due process requirements, to holders and potential holders of any claim against the Debtors. Specifically that Notice Plan was targeted to:

- Holders and potential holders of Asbestos Personal Injury Claims ("PI Claimants") in the United States, its territories, its commonwealths, and countries outside the United States where Grace products may have been shipped.
- Holders of Settled Asbestos Claims ("Settled Claimants") in the United States, its territories, and its commonwealths.
- Holders and potential holders of Asbestos Property Damage Claims ("Property Claimants") in the United States, its territories, and its commonwealths, Canada, and other countries outside the United States where Grace products may have been shipped.
- Holders and potential holders of Zonolite Attic Insulation Claims ("ZAI Claimants") in the United States, its territories, its commonwealths, and Canada.
- Holders of Non-Asbestos Claims ("Other Claimants").

6. The Notice Plan is consistent with notice programs Kinsella designed and implemented in other asbestos bankruptcies and class actions, as well as consumer class actions, all of which have met with court approval. It is my opinion that the Notice Plan provides adequate and thorough notice to all claimants while significantly reducing the cost of notice to the Debtors.

7. The Notice Plan, both in terms of the media selected and the creative execution of the notice itself, accomplishes the objective of providing adequate and effective notice to all claimants. If the Court orders two separate notification programs, one for Property Claimants, ZAI Claimants and Other Claimants and another for PI Claimants, the additional cost to the Debtors would be approximately \$4 million. This significant increase is due to the fact that two media campaigns would have to be implemented to reach the two target audiences separately, which were reached in combination in the Notice Plan. My conclusions in this regard are outlined below.

The Notice Plan

8. Although notice through direct mail to a percentage of the claimants for whom names and addresses are available in this matter is possible, a large percentage of claimants are not readily identifiable, requiring a media-based notice program to reach them. Media-based notice plans directed to unidentified claimants should (1) identify the demographics of claimants and establish a target audience or audiences; (2) outline the methodology for selecting the media and other plan elements and how they relate to product usage or exposure, or the claims at hand, and (3) provide results that quantify for the court the percentage of the target audience(s) reached and the frequency of opportunity to see the media notice. This approach to designing media-based notice programs has been repeatedly validated and approved by courts.

9. For purposes of developing profiles of the demographics and media habits of PI Claimants, Settled Claimants, Property Claimants, and ZAI Claimants, Kinsella

analyzed syndicated data available from the 2000 Doublebase Survey¹ from MediaMark Research, Inc. ("MRI"). MRI is a nationally accredited media and marketing research firm that provides syndicated data on audience size, composition, and other relevant factors pertaining to major media including broadcast, magazines, newspapers, and outdoor advertising. MRI provides a single-source measurement of major media, products, services, and in-depth consumer demographic and lifestyle/psychographic characteristics.

10. Kinsella analyzed the demographics of the claimant groups and determined that there were two primary demographic targets that include the vast majority of all claimants in the Grace bankruptcy. Kinsella then analyzed and selected media vehicles for their strength and efficiency in reaching the demographic targets.

11. The demographic target measured by MRI selected for Property Claimants is "Executives, Managers and Administrators", which includes individuals responsible for managing and/or administrating commercial, residential, and public buildings. 75.8% of this demographic group are adults who are 35 years of age or older ("Adults 35+"). The demographic target measured by MRI that includes ZAI Claimants is "Homeowners". 77.0% of this demographic group are also adults who are 35 years of age or older. Although there is no specific MRI demographic profile of individuals who are Other Claimants, it highly probable that the vast majority of them will be Adults 35+.

12. With respect to the PI Claimants, nearly 65% of these individuals who filed a personal injury claim where age was noted, are 65 years of age and older. Nearly 90% are 55 years of age and older.

¹ MRI produces an annual Doublebase, a study of 50,000+ adults consisting of two full years of data. The MediaMark sample consists of 26,000+ respondents. Fieldwork is done in two waves per year, each lasting six months and consisting of 13,000 interviews. At the end of the interview, the fieldworker presents a self-administered questionnaire that measures approximately 500 product/service categories, 6,000 brands, and various lifestyle activities. Resulting data is weighted to reflect the probabilities of selection inherent in the sample design and then balanced so that major study demographics match the most recent independent estimates.

13. Our analysis indicated that adequate and thorough notice could be provided to all claimants by targeting two demographics – Men 65+ and Adults 35+ - in a combined notice program. The Adults 35+ demographic was selected to reach Property Claimants, ZAI Claimants, and Other Claimants because the vast majority of these claimants are adults 35 years of age and older, and because television alone, or in combination with other media, can only be measured by age and gender.

14. Adults 35+ and Men 65+ consume overlapping media. The population of Adults 35+ in the United States is 135,871,008. Men 65+ account for 10% of that population. The media selected in the Notice Plan has a high reach of both Adult 35+ and Men 65+. This is because Men 65+ are a subset of Adults 35+, above average consumers of media in general, and heavy consumers of television, the primary notice vehicle. The Notice Plan uses media vehicles that effectively reach both targets, which precludes the necessity of two separate media programs.

15. An analysis of the media habits of the primary target, Men 65+ indicates that they are heavy consumers of television and newspapers and moderate magazine readers. “Homeowners” have moderate consumption across all media with high consumption of newspapers. “Executives, Managers and Administrators” are heavy consumers of magazines and newspapers and lighter consumers of television. Because the media vehicles selected effectively reached both demographic targets, Kinsella was able to construct a plan that reaches all claimants without the necessity of separate media campaigns to reach the claimant groups individually.

16. If the Court orders that the Notice Plan is to be used for the bar date notice to all claimants, no changes would need to be made in the plan. In re-examining the plan, Kinsella used updated MRI data from the 2001 Doublebase Survey to calculate the *reach*² of the consumer magazines and the average *frequency*³ of opportunity to see the notice.

² Reach is the estimated percentage of a target audience reached through a specific media vehicle or combination of media vehicles.

³ Frequency is the estimated average number of times an audience is exposed to an advertising vehicle carrying the message.

Previously, Kinsella used MRI Doublebase Survey 2000, which was the available current data when the plan was developed. The recalculations with the updated data show that the estimated reach and frequency measurements of both demographics is virtually the same with no more than 2/10th of percent difference in either reach or frequency⁴. It is my opinion that the current reach of the Notice Plan is adequate and in the highest range for any notice program undertaken in either bankruptcies or class actions and, therefore, no changes need to be made to the Notice Plan.

17. With respect to the notices themselves, the print and television advertising, attached to the Notice Plan, clearly and adequately provide the notice message to all claimants with a single creative execution in each type of media. The notices target and address the claimants by type calling their attention to the importance of the notice. The content of the print notices clearly stipulates types of claimants and claims using subheads, product descriptions, and simple language to avoid any confusion. The television spot has clear visuals assisting the claimant to self-identify as an individual who may need to file a claim. Both print and television executions fully describe the different types of Grace products, which may be the subject of claims, including visuals of Zonolite, and the different type of claims that a claimant may hold.

18. The cost for the Notice Plan if it were executed in 2nd quarter, 2002 is \$6,075,482⁵.

Separate Notice Programs

19. If the Court determines that Property Claimants, ZAI Claimants, and Other Claimants should have a bar date and notification program separate from the PI Claimants, the total cost for the two campaigns in 2nd quarter 2002 would be

⁴ The updated estimated reach for Men 65+ is 96.8% with a 5.3 estimated average frequency of exposure. The previous estimated reach for Men 65+ was 96.9% with a 5.3 estimated average frequency of exposure. The updated reach of Adults 35+ is 95.2% with a 4.2 estimated average frequency of exposure. The previous estimated reach for Adults 35+ was 95.4% with a 4.3 frequency of exposure.

⁵ The cost for 3rd and 4th quarter respectively would be \$5,462,645 and \$5,937,320.

\$10,026,858⁶. Two separate campaigns to reach the same claimants (Men 65+ and Adults 35+) individually will cost the Debtor approximately \$4 million more than the Notice Plan costs to reach both claimant groups.

20. In addition, in constructing two separate notice programs, the media selections would be different. The media that accomplishes the reach of both Adults 35+ and Men 65+ together is inappropriate to reach only Men 65+. The plan directed to the Property Claimants group would be similar to the current Notice Plan with some adjustment because Men 65+ are well reached by a plan directed to Adults 35+. The PI plan, however, would be significantly different, as there are specific print publications and television dayparts⁷ directed to Men 65+ that are more efficient in reaching that target only, as opposed to media that targets both Men 65+ and Adults 35+, which over-delivers Adults 35+.

21. Exhibit 1 provides a comparison of the Notice Plan, a notice plan to reach Property Claimants, ZAI Claimants, and Other Claimants ("Property Plan"), and a notice plan to reach Personal Injury Claimants ("PI Plan") only.

22. The Property Plan differs from the Notice Plan in two ways. First, *Newsweek* magazine was eliminated and two print publications were added – *Better Homes and Gardens*, directed to homeowners and *People*, directed to Adults 25+. These consumer magazines were selected to focus on the two adult demographic targets since Men 65+ is no longer a demographic target. Second, local newspapers used specifically to reach PI Claimants in geographic areas where the Debtors had mines or expanding plants were eliminated. All other elements of the Property Plan are the same as the Notice Plan.


⁶ The costs for 3rd and 4th quarters respectively are \$9,007,211 and \$9,962,440.

⁷ Daypart is a part of the broadcast day, so designated for analytical purposes. In TV, the dayparts are usually daytime (morning and afternoon), early fringe, prime time and late fringe.

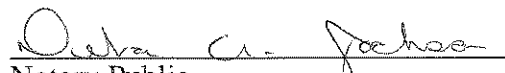
23. The PI Plan differs from the Notice Plan in five areas. First, the national consumer publications changed significantly. *Newsweek* and *TV Guide* were replaced by publications whose primary readership is men, namely, *American Legion*, *Field and Stream*, *Popular Mechanics*, and *VFW Magazine*, rather than adults in general. These magazines provide high reach of Men 65+ and Men 55+ more cost effectively than consumer magazine used in the Notice Plan which was designed to reach both Men 65+ and Adults 35+. Second, National Newspapers selected in the Notice Plan to reach "Executive, Managers, and Administrators" were eliminated as PI Claimants would not fall within this demographic group. Third, Trade Publications were eliminated for the same reason. Fourth, the television plan directed primarily to Men 65+ is significantly less expensive than the television plan in the Notice Plan because it does not provide as much media weight against Adults 35+, which is a broader and more diffuse target. Fifth, notice in Canada was eliminated as it is my understanding that the Canadian workers compensation system provides PI Claimants the appropriate redress for their injuries.

24. In my experience, it is unusual to be able to effectively reach different demographic targets with one media program and creative execution. For example, if the targets were Women 25+ and Adults 35+, or Men 65+ and Women 35+, it would not be possible to design an effective or efficient media program to reach these targets together. Separate media programs would be required. The Grace situation, however, is unusual because the notice program, constructed to reach multiple demographic groups, effectively and efficiently reaches all targets with a clear and effective message while saving the Debtors \$4 million over what it would cost if the program were not combined.

February 11, 2002


Katherine Kinsella

Signed and Sworn before me this 11 day of February, 2002.


Notary Public

My Commission Expires
July 14, 2004

Exhibit 1

W.R. Grace Plan Comparisons

Combined Plan		Cost	Property Plan	Cost	PI Plan	Cost
PRINT			PRINT		PRINT	
NATIONAL CONSUMER PUBLICATIONS National Geographic	\$644,580.00		NATIONAL CONSUMER PUBLICATIONS Better Homes & Gardens	\$899,670.00	NATIONAL CONSUMER PUBLICATIONS American Legion	\$481,390.00
Newsweek			National Geographic		Field and Stream	
Reader's Digest			People		National Geographic	
TV Guide			Reader's Digest		Popular Mechanics	
			TV Guide		Reader's Digest	
					VFW Magazine	
NEWSPAPER SUPPLEMENTS Parade (2 Insertions)	\$846,380.00		NEWSPAPER SUPPLEMENTS Parade (2 Insertions)	\$846,380.00	NEWSPAPER SUPPLEMENTS Parade (2 Insertions)	\$846,380.00
USA Weekend			USA Weekend		USA Weekend	
LOCAL NEWSPAPERS	\$403,700.00				LOCAL NEWSPAPERS	\$403,700.00
Quarter-Page Ads In The Highest Circulation Editions Insertions in 43 Newspapers Targeting Areas with MK-3 sales; expanding plants and mines in the United States.					Quarter-Page Ads In The Highest Circulation Editions Insertions in 43 Newspapers Targeting Areas with MK-3 sales; expanding plants and mines in the United States.	
NATIONAL NEWSPAPERS	\$291,140.00		NATIONAL NEWSPAPERS	\$291,140.00		
New York Times (2 insertions)			New York Times (2 insertions)			
USA Today (2 insertions)			USA Today (2 insertions)			
Wall Street Journal (2 insertions)			Wall Street Journal (2 insertions)			
TRADE PUBLICATIONS	\$141,460.00		TRADE PUBLICATIONS	\$141,460.00		
Full-Page Ads (approximately 7" x 10") One insertion in 25 professional trade publications to provide notice to Property Claimants.			Full-Page Ads (approximately 7" x 10") One insertion in 25 professional trade publications to provide notice to Property Claimants.			
TELEVISION			TELEVISION		TELEVISION	
NATIONAL NETWORK AND CABLE TELEVISION	\$3,147,122.00		NATIONAL NETWORK AND CABLE TELEVISION	\$3,147,122.00	NATIONAL NETWORK AND CABLE TELEVISION	\$2,334,121.00
314 TRP's Targeted to Men 65+; 210 TRP's Targeted to Adults 35+; 3rd Quarter 2001.			210 TRP's Targeted to Adults 35+; 175 TRP's Targeted to Adults 25+; 2nd Quarter 2002.		260 TRP's Targeted to Men 65+; 200 TRP's Targeted to Men 55+; 160 TRP's Targeted to Adults 35+; 2nd Quarter 2002.	

Exhibit 1

W.R. Grace Plan Comparisons

Combined Plan		Cost	Property Plan	Cost	PI Plan	Cost
U.S. TERRITORIES AND POSSESSIONS			U.S. TERRITORIES AND POSSESSIONS		U.S. TERRITORIES AND POSSESSIONS	
NEWSPAPERS		\$12,740.00	NEWSPAPERS	\$12,740.00	NEWSPAPERS	\$12,740.00
Insertions in Six Newspapers Targeting United States Territories and Possessions.			Insertions in Six Newspapers Targeting United States Territories and Possessions.		Insertions in Six Newspapers Targeting United States Territories and Possessions.	
CANADA			CANADA			
PRINT			PRINT			
NATIONAL CONSUMER PUBLICATIONS		\$113,500.00	NATIONAL CONSUMER PUBLICATIONS	\$113,500.00		
Reader's Digest- English & French Editions			Reader's Digest- English & French Editions			
Chatelaine- English & French Editions			Chatelaine- English & French Editions			
Canadian Living- English & French Editions			Canadian Living- English & French Editions			
Canadian Geographic			Canadian Geographic			
NEWSPAPERS			NEWSPAPERS			
(6" x 11") Ads in The Highest Circulation Editions			(6" x 11") Ads in The Highest Circulation Editions			
Insertions into the National Post and Globe & Mail, the two national newspapers in Canada.		\$29,010.00	Insertions into the National Post and Globe & Mail, the two national newspapers in Canada.	\$29,010.00		
Insertions into the 36 largest circulation newspapers in 11 Provinces.		\$119,210.00	Insertions into the 36 largest circulation newspapers in 11 Provinces.	\$119,210.00		
TELEVISION			TELEVISION			
NATIONAL TELEVISION		\$280,000.00	NATIONAL TELEVISION	\$280,000.00		
180 TRP's Targeted to Adults 35+.			180 TRP's Targeted to Adults 35+.			
ESTIMATED BUDGET - 2nd Quarter			ESTIMATED BUDGET - 2nd Quarter		ESTIMATED BUDGET - 2nd Quarter	
\$6,075,482			\$5,914,967		\$4,111,891	

1. Estimated Budget - 3rd Quarter is \$5,462,645.
2. Estimated Budget - 4th Quarter is \$5,937,320.

1. Estimated Budget - 3rd Quarter is \$5,302,130.
2. Estimated Budget - 4th Quarter is \$5,776,805.

1. Estimated Budget - 3rd Quarter is \$3,705,081.
2. Estimated Budget - 4th Quarter is \$4,185,635.